



FINANCE COMMITTEE

FEBRUARY 16, 2010

MINUTES

I. CALL TO ORDER

Chair Nancy Backus called the meeting to order at 6:30 p.m. in the Council Conference Room at Auburn City Hall located at 25 West Main Street in Auburn. Chair Backus, Vice Chair Lynn Norman and Member John Partridge were present. Present during the meeting were Mayor Peter B. Lewis, City Attorney Daniel B. Heid, Chief of Police Jim Kelly, Finance Director Shelley Coleman, Risk Manager Rob Roscoe, and City Clerk Danielle Daskam.

Members of the audience included Wayne Osborne and Jeff Oliphant.

II. CONSENT ITEMS

A. Approval of Minutes

1. Minutes of the February 1, 2010 Finance Committee meeting.

Vice Chair Norman moved and Member Partridge seconded to approve the February 1, 2010 minutes.

MOTION CARRIED UNANIMOUSLY. 3-0.

B. Vouchers

1. Claims

F4.9.5

Claims check numbers 392317 through 392715 in the amount of \$1,496,493.17, and a wire transfer in the amount of \$1,000.00, dated February 16, 2010.

2. Payroll

F4.9.2

Payroll check numbers 528319 to 528423 in the amount of \$798,560.77 and electronic deposit transmissions in the amount of \$1,136,283.19 for a grand total of \$1,934,843.96 for the pay period covering January 28, 2010 to February 10, 2010.

Committee members reviewed the vouchers and briefly discussed voucher numbers 392350, 392381, 392392, 392447, 392516 and 392507.

Vice Chair Norman moved and Member Partridge seconded to approve the vouchers.

MOTION CARRIED UNANIMOUSLY. 3-0.

III. ORDINANCES AND RESOLUTIONS

A. Ordinances

1. Ordinance No. 6293

F2.14

An Ordinance of the City Council of the City of Auburn, Washington, pledging the City's full faith and credit toward the payment of its share of debt service on refunding bonds to be issued by the Valley Communications Center Development Authority and approving certain matters related thereto

Committee members reviewed Ordinance No. 6293. Auburn is one of five cities that entered into an interlocal to form the Valley Communications Center Development Authority to provide police, fire and medical aid services communications within the boundaries of the member cities. The ordinance provides for the refunding of bonds issued in 2000 by Valley Communications (ValleyCom) for the ValleyCom dispatch facility. Due to the favorable bond market at this time, it appears that the 2000 bonds may be refunded at lower interest rates and thereby provide a savings to the member cities.

Vice Chair Norman moved and Member Partridge seconded to approve and forward Ordinance No. 6293 to the full Council.

MOTION CARRIED UNANIMOUSLY. 3-0.

2. Ordinance No. 6294

F4.11

An Ordinance of the City Council of the City of Auburn, Washington, amending Sections 3.04.600 of the Auburn City Code relating to funds

Committee members reviewed Ordinance No. 6294. The ordinance provides for increases in some change funds to reduce the number of staff trips to the banking facility.

Vice Chair Norman moved and Member Partridge seconded to approve and forward Ordinance No. 6294 to the full Council.

MOTION CARRIED UNANIMOUSLY. 3-0.

B. Resolutions

1. Resolution No. 4561

F6.7

A Resolution of the City Council of the City of Auburn, Washington, authorizing the City of Auburn to impose a sales and use tax as authorized by RCW 82.14.415 as a credit against State sales and use tax, relating to annexations

Committee members reviewed Resolution No. 4561. The resolution was reviewed at the February 1, 2010 Finance Committee. The resolution levies the .1% sales tax credit against the state sales tax for annexation of the Lea Hill area. The tax credit is available to the City for up to ten years and is limited to the maximum of .1% credit against the state tax or the difference between the City's cost to provide, maintain and operate municipal services for the annexation areas and the general revenues that the City receives from the annexation area during a given year. This is the third year that the City has asked the State for the sales tax credit.

Vice Chair Norman moved and Member Partridge seconded to approve and forward Resolution No. 4561 to the full Council.

MOTION CARRIED UNANIMOUSLY. 3-0.

IV. DISCUSSION ITEMS

A. Resolution No. 4569

A Resolution accepting a grant from the U.S. Department of Justice in the amount of \$43,417.00 for the purchase of police equipment

Committee members reviewed Resolution No. 4569.

B. Auburn Professional Plaza

Risk Manager Rob Roscoe presented a proposed agreement between the City of Auburn and Auburn Professional Plaza (APP). The agreement will allow the City to close the purchase of the City Annex office space eight months earlier than the original lease agreement. The agreement also provides for the exchange of sixteen parking stalls at the Mel's property for sixteen spaces in the hospital parking garage condo. The agreement will give the City ownership and title to the Mel's surface parking lot (120 parking spaces). With ownership and total fee interest, the City will not be required to pay property tax for the Mel's lot. APP will have development rights for the air space at the Mel's lot. Should APP develop the air rights above Mel's lot, APP is required to find replacement parking for those spaces at Mel's lot. The City has agreed to provided APP with the rights to lease additional parking (up to 145 spaces) at the parking garage condo (APP currently has the lease rights to 50 spaces at the parking garage condo). The agreement also provides APP with the option to purchase City condo unit 390.

In response to questions from Committee members regarding the exercise of the option to purchase the Annex space, Finance Director Coleman stated that the monthly lease payment for the Annex space is approximately \$137,000. If the City issues bonds to purchase the Annex space, the City will save approximately \$200,000 annually between the debt service payment and the lease payment. An additional benefit of the purchase and bond issuance is that the debt service will be a fixed payment for the next thirty years; the lease agreement provides for increases in

the lease rates every five years. Additionally, if the City purchases the Annex space, they can be converted to condo space, and the City will not be liable for property tax.

C. April Bond Issue

Finance Director Coleman distributed a February 16, 2010 memo regarding a proposed April bond issue. There are five bond issues contemplated to provide funding for 1) the purchase of the Annex space currently being leased by the City in the amount of \$22,680,000; 2) funding the Local Revitalization Funding component of the Promenade and open spaces in the amount of \$6,000,000; and 3) refunding the 1998 General Obligation bonds issued for the library in the amount of \$2,225,000. Total tentative bond issuance is \$30,950,000. The five bond issues consist of Limited General Obligation Bonds and Build America Bonds.

Finance Director Coleman reviewed the sources and uses of funds and the preliminary numbers for debt service. The Annex bonds will be funded with REET 1 revenue stream and utility funds for the utilities that use a portion of the building space. The Promenade bonds will be funded with Local Revitalization funds of \$250,000 annually, and the City will match annual debt service with REET 2 funds. The \$3 million Economic Development grant will be amortized as matching funds.

V. ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 7:22 p.m.

APPROVED THE _____ DAY OF MARCH 2010.

Nancy Backus, Chair

Danielle Daskam, City Clerk